

## Assembly Bill No. 13

### CHAPTER 9

An act to amend Sections 69766 and 89722 of, and to add Section 90082 to, the Education Code, to amend Section 17311 of the Family Code, to amend Sections 8880.61, 16310, 16428.15, 17302, 17303, 17310, 17311, 22910, and 30051 of, and to add Section 17221.5 to, the Government Code, to amend Sections 50740, 50782, and 116760.30 of the Health and Safety Code, to amend Sections 8613 and 48027 of the Public Resources Code, to amend Sections 822, 1611, and 3001 of the Unemployment Insurance Code, and to amend Sections 14163, and 16809 of, and to add Section 5778.3 to, the Welfare and Institutions Code, relating to state finance, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor February 20, 2009. Filed with  
Secretary of State February 20, 2009.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 13, Evans. State and local government.

(1) Existing law establishes various funds in the State Treasury. Existing law requires the Controller to notify the Governor and the Pooled Money Investment Board when the General Fund is or will be exhausted. The Governor is then authorized to order the Controller to direct the transfer of all or any part of the moneys not needed in other funds or accounts, with specified exceptions, to the General Fund from those funds or accounts, as determined by the Pooled Money Investment Board. Existing law requires that all moneys so transferred be returned to the funds or accounts from which they were transferred as soon as there are sufficient moneys in the General Fund to return them. Interest is required to be paid on certain of these loaned moneys.

This bill would specifically authorize the Controller to loan moneys from certain specific funds to the General Fund. The bill would require, with respect to these funds, that, with a specified exception, interest be paid on all moneys loaned to the General Fund. The bill would not authorize any transfer that would interfere with the carrying out of the object for which the funds were created.

(2) The California Lottery Act establishes the State Lottery Fund. The act, an initiative measure, provides that certain provisions may be changed by a bill that furthers the purposes of the act and is passed by a  $\frac{2}{3}$  vote of each house of the Legislature and signed by the Governor.

This bill would, until September 30, 2009, authorize the Controller to loan moneys in the State Lottery Fund to the General Fund. The bill would require that interest be paid on all moneys loaned to the General Fund.

(3) Existing law appropriates from the General Fund any unapplied money, as defined, in any amounts necessary to pay the interest on, and the principal of, any notes issued as the notes become due and payable. Existing law appropriates \$250,000 from the General Fund without regard to fiscal years, to be set aside in the State Notes Expense Account, to be used to pay expenses incurred by the Treasurer, the Controller, or the Department of Finance in providing for the preparation, sale, issuance, advertising, legal services, or any other act which, in the Treasurer's discretion, is necessary to carry out provisions of law relating to the issuance of warrants by the Controller.

The bill would provide that when any payment on a note or any payment to the provider of a credit enhancement or liquidity facility for a note is due, that payment shall be made subject only to the prior payment of payments required by law to be paid before the note or provider payment and payments that by the terms of the note or credit enhancement or liquidity agreement are permitted to be paid before the note or provider payment. The bill would authorize the Controller, with the approval of the Pooled Money Investment Board, to fix a maturity date for registered warrants that does not interfere with the payment of bonds, revenue anticipation warrants, and refunding warrants.

(4) This bill would declare that certain of its provisions further the purposes of the California State Lottery Act, the Mental Health Services Act, the DNA Fingerprint, Unsolved Crime and Innocence Protection Act, and the California Children and Families Act of 1998.

(5) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.

(6) This bill would declare that it is to take effect immediately as an urgency statute.

*The people of the State of California do enact as follows:*

SECTION 1. Section 69766 of the Education Code is amended to read:

69766. (a) The Federal Student Loan Reserve Fund and the Student Loan Operating Fund are hereby created in the State Treasury. On January 1, 2000, the State Guaranteed Loan Reserve Fund shall cease to exist, and funds deposited, or required to be deposited, in that fund shall be transferred to the Federal Student Loan Reserve Fund or to the Student Loan Operating Fund and allocated to those funds in accordance with the requirements of federal law.

(b) All moneys received for the purposes of this article from federal, state, or local governments, including any moneys deposited in the State

Guaranteed Loan Reserve Fund, or from other private or public sources, shall be deposited in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund and allocated to those funds in accordance with the requirements of federal law. Funds deposited in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund are not part of the General Fund, as defined in Section 16300 of the Government Code. No moneys from the General Fund shall be deposited in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund.

(c) The contents of the Federal Student Loan Reserve Fund are federal funds, administered in accordance with federal laws and regulations. The contents of the Student Loan Operating Fund are state funds within the custody and control of the Student Aid Commission.

(d) Notwithstanding Section 13340 of the Government Code, all moneys deposited in the Federal Student Loan Reserve Fund and the Student Loan Operating Fund are hereby continuously appropriated, without regard to fiscal years, for purposes of this article. The continuous appropriation made by this section shall be available to assume the obligation under any outstanding budget act appropriation from the State Guaranteed Loan Reserve Fund as it existed prior to January 1, 2000. On or after the operative date of Article 2.4 (commencing with Section 69521), the expenditure of funds from the Student Loan Operating Fund is subject to the limitations set forth in Sections 69522 and 69526.

(e) Notwithstanding any other law, the Controller may use the moneys in the Student Loan Operating Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Student Loan Operating Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Student Loan Operating Fund was created.

(f) The total amount of all outstanding debts, obligations, and liabilities that may be incurred or created under this article or under Article 2.5 (commencing with Section 69522), including any obligation to repay to the United States any funds provided under Title IV of the “Higher Education Act of 1965,” and extensions thereof or amendments thereto, or any similar act of Congress, is limited to the amount contained in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund, and the state shall not be liable to the United States, or to any other person or entity, beyond the amount contained in the Federal Student Loan Reserve Fund or the Student Loan Operating Fund for any debts, obligations, and liabilities.

SEC. 2. Section 89722 of the Education Code is amended to read:

89722. (a) The California State University Trust Fund is hereby created in the State Treasury. Moneys in the California State University Trust Fund are appropriated to the trustees as provided in Section 89724. Interest accruing upon the investment of moneys of the California State University Trust Fund shall be paid into and credited to that fund. The trustees shall

apportion as of June 30 and December 31 of each year the revenues earned and deposited in the fund during the six calendar months ending with those dates. There shall be apportioned and credited to each campus of the California State University having deposits in the fund, an amount directly proportionate to the total deposits in the fund and the length of time the deposits remained therein. The chief fiscal officer of each campus of the California State University may allocate further this amount to the extent considered necessary.

(b) Notwithstanding any other law, the Controller may use the moneys in the California State University Trust Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the California State University Trust Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the California State University Trust Fund was created.

SEC. 3. Section 90082 is added to the Education Code, to read:

90082. Notwithstanding any other law, the Controller may use the moneys in the State College Dormitory Building Maintenance and Equipment Reserve Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the State College Dormitory Building Maintenance and Equipment Reserve Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This section does not authorize any transfer that will interfere with the carrying out of the object for which the State College Dormitory Building Maintenance and Equipment Reserve Fund was created.

SEC. 4. Section 17311 of the Family Code is amended to read:

17311. (a) The Child Support Payment Trust Fund is hereby created in the State Treasury. The department shall administer the fund.

(b) (1) The state may deposit child support payments received by the State Disbursement Unit, including those amounts that result in overpayment of child support, into the Child Support Payment Trust Fund, for the purpose of processing and providing child support payments. Notwithstanding Section 13340 of the Government Code, the fund is continuously appropriated for the purposes of disbursing child support payments from the State Disbursement Unit.

(2) The state share of the interest and other earnings that accrue on the fund shall be available to the department and used to offset the following General Fund costs in this order:

(A) Any transfers made to the Child Support Payment Trust Fund from the General Fund.

(B) The cost of administering the State Disbursement Unit, subject to appropriation by the Legislature.

(C) Other child support program activities, subject to appropriation by the Legislature.

(c) The department may establish and administer a revolving account in the Child Support Payment Trust Fund in an amount not to exceed six hundred million dollars (\$600,000,000) to ensure the timely disbursement of child support. This amount may be adjusted by the Director of Finance upon notification of the Legislature as required, to meet payment timeframes required under federal law.

(d) It is the intent of the Legislature to provide transfers from the General Fund to provide startup funds for the Child Support Payment Trust Fund so that, together with the balances transferred pursuant to Section 17311.7, the Child Support Payment Trust Fund will have sufficient cash on hand to make all child support payments within the required timeframes.

(e) Notwithstanding any other law, an ongoing loan shall be made available from the General Fund, from funds not otherwise appropriated, to the Child Support Payment Trust Fund, not to exceed one hundred fifty million dollars (\$150,000,000) to ensure the timely disbursement of child support payments when funds have not been recorded to the Child Support Payment Trust Fund or due to other fund liabilities, including, but not limited to, Internal Revenue Service negative adjustments to tax intercept payments. Whenever an adjustment of this amount is required to meet payment timeframes under federal law, the amount shall be adjusted after approval of the Director of Finance. In conjunction with the Department of Finance and the Controller's office, the department shall establish repayment procedures to ensure the outstanding loan balance does not exceed the average daily cash needs. The ongoing evaluation of the fund as detailed in these procedures shall occur no less frequently than monthly.

(f) Notwithstanding any other law, the Controller may use the moneys in the Child Support Payment Trust Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Child Support Payment Trust Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Child Support Payment Trust Fund was created.

SEC. 5. Section 8880.61 of the Government Code is amended to read:  
8880.61. State Lottery Fund

(a) A special fund to be known as the "State Lottery Fund" is created within the State Treasury which is continuously appropriated for carrying out the purposes of this chapter. The fund shall receive all proceeds from the sales of lottery tickets or shares, the temporary line of credit for initial startup costs, and all other moneys credited to the Lottery from any other source. The Treasurer shall designate a depository to receive lottery proceeds for transmission to the State Treasury and for deposit in the State Lottery Fund.

(b) Except as provided by this chapter, moneys in the General Fund or any other state fund shall not be transferred to the State Lottery Fund or otherwise used to support the California State Lottery or the Lottery Commission or to pay the debts, obligations, or encumbrances of the State Lottery Fund or the Commission.

(c) (1) Notwithstanding any other provision of law, the Controller may use the moneys in the State Lottery Fund for loans to the General Fund as provided in Sections 16310 and 16381. Interest shall be paid on all moneys loaned to the General Fund from the State Lottery Fund. Interest payable shall be computed at a rate of 110 percent of the Pooled Money Investment Account rate, with the interest accruing on the date the loan is made from the State Lottery Fund to the General Fund. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the State Lottery Fund was created.

(2) This subdivision shall remain in effect only until September 30, 2009.

SEC. 6. Section 16310 of the Government Code is amended to read:

16310. (a) When the General Fund in the Treasury is or will be exhausted, the Controller shall notify the Governor and the Pooled Money Investment Board. The Governor may order the Controller to direct the transfer of all or any part of the moneys not needed in other funds or accounts to the General Fund from those funds or accounts, as determined by the Pooled Money Investment Board, including the Surplus Money Investment Fund or the Pooled Money Investment Account. All moneys so transferred shall be returned to the funds or accounts from which they were transferred as soon as there are sufficient moneys in the General Fund to return them. No interest shall be charged or paid on any transfer authorized by this section, exclusive of the Pooled Money Investment Account, except as provided in this section. This section does not authorize any transfer that will interfere with the object for which a special fund was created or any transfer from the Central Valley Water Project Construction Fund, the Central Valley Water Project Revenue Fund, or the California Water Resources Development Bond Fund.

(b) (1) Interest shall be paid on all moneys transferred to the General Fund from the following funds:

(A) The Department of Food and Agriculture Fund.

(B) The DNA Identification Fund.

(C) The Mental Health Services Fund.

(D) All funds created pursuant to the California Children and Families Act of 1998, enacted by Proposition 10 at the November 3, 1998, statewide general election.

(E) Any funds retained by or in the possession of the California Exposition and State Fair pursuant to this section.

(2) With respect to all other funds, and unless otherwise specified, if the total moneys transferred to the General Fund in any fiscal year from any special fund pursuant to this section exceed an amount equal to 10 percent of the total additions to surplus available for appropriation as shown in the statement of operations of a prior fiscal year as set forth in the most recent

published annual report of the Controller, interest shall be paid on the excess. Interest payable under this section shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which transferred.

(c) Except as described in subdivision (d), all moneys in the State Treasury may be loaned for the purposes described in subdivision (a).

(d) Subdivision (c) shall not apply to any of the following:

(1) The Local Agency Investment Fund.

(2) Funds classified in the State of California Uniform Codes Manual as bond funds or retirement funds.

(3) All or part of the moneys not needed in other funds or accounts for purposes of subdivision (a) where the Controller is prohibited by the California Constitution, bond indenture, or statutory or case law from transferring all or any part of those moneys.

SEC. 7. Section 16428.15 of the Government Code is amended to read:

16428.15. (a) The Ratepayer Relief Fund is hereby established in the State Treasury. The purpose of the fund is to benefit electricity and natural gas ratepayers and to fund investigation and litigation costs of the state in pursuing allegations of overcharges and unfair business practices against generators, suppliers, or marketers of electricity or natural gas.

(b) Notwithstanding any other law, the Controller may use the moneys in the Ratepayer Relief Fund for loans to the General Fund as provided in Sections 16310 and 16381. However, interest shall be paid on all moneys loaned to the General Fund from the Ratepayer Relief Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Ratepayer Relief Fund was created.

SEC. 8. Section 17221.5 is added to the Government Code, to read:

17221.5. The Controller, with the approval of the Pooled Money Investment Board, may fix a maturity date for registered warrants. To the extent legally permissible, the Controller shall pick a date that does not interfere with the payment of bonds, revenue anticipation notes, reimbursement warrants, and refunding warrants.

SEC. 9. Section 17302 of the Government Code is amended to read:

17302. Notes shall be issued pursuant to this part only to raise funds in an amount sufficient to satisfy the Controller's registered demand or demands. Proceeds of notes may also be used for the payments described in Section 17311 to the extent that those payments are not included within the appropriations comprising the demand or demands. The principal amount of the issuance of notes shall equal the amount of the demand or the portion of the demand that is satisfied by the issuance. The issuance of any notes pursuant to this part shall be authorized by a resolution adopted by the Treasurer with the approval of the Controller and the Director of Finance.

(a) Any note (1) may be negotiable, (2) may be payable to order or to bearer, (3) may be in any denomination, (4) shall be payable not later than 120 days after the end of the fiscal year in which the note has been issued

and shall not be renewable beyond that date, (5) may bear fixed or variable interest at a rate or rates to be determined as provided by the resolution and payable as provided therein, (6) may be payable on a fixed date or upon demand of the holder of the note, (7) may be made subject to prepayment or redemption at the option of the state or at the option of the holder, and (8) may have a term not exceeding 12 months.

(b) In lieu of issuing notes pursuant to subdivision (a), the resolution may provide for the issuance of notes in the form of commercial paper. This commercial paper may be issued and renewed from time to time, in amounts, subject to the requirements of this subdivision, as the Treasurer shall determine, from the date of initial issuance until the final maturity date, which shall not be more than 12 months, and shall occur not more than 120 days after the end of the fiscal year in which the commercial paper was first issued, and shall not be renewed beyond that date. The maximum principal amount of commercial paper outstanding at any one time shall be stated in the resolution, and shall not be greater than the amount of the Controller's demand. The resolution may also provide that the commercial paper (1) may be negotiable, (2) may be payable to order or to bearer, (3) may be in any denomination, (4) may bear fixed or variable interest at a rate or rates to be determined as provided in the resolution and payable as provided therein, (5) may be payable on a fixed date or upon demand of the holder of the commercial paper, (6) may be made subject to prepayment or redemption at the option of the state or of the holder, and (7) may contain any other provision necessary or appropriate to carry out the program of commercial paper.

SEC. 10. Section 17303 of the Government Code is amended to read:

17303. Upon receipt of the purchase price of the notes, the Treasurer shall notify the Controller that funds for the payment of all or part of the registered demand or demands are in the State Treasury and available for the payment of claims represented by the registered demand or demands. The Controller may thereupon proceed to draw warrants against appropriations lawfully made by the Legislature to be paid in the fiscal year and represented by the registered demand or demands. Upon the payment in full of the notes representing the registered demand or demands, or the portion of the demand or demands as set forth in Section 17302, the appropriate portion of the registered demand or demands shall be canceled.

SEC. 11. Section 17310 of the Government Code is amended to read:

17310. (a) Notwithstanding Section 13340, there is hereby appropriated from the General Fund any unapplied money, as defined in subdivision (a) of Section 17220, in any amounts necessary to pay the interest on, and the principal of, any notes issued pursuant to this part, as the interest on and the principal of the notes become due and payable.

(b) When any payment on a note or any payment to the provider of a credit enhancement or liquidity facility for a note is due, that payment shall be made subject only to prior payment of the following:

(1) Payments required by law to be paid before the note or provider payment.



(2) Payments that by the terms of the note or credit enhancement or liquidity agreement are permitted to be paid before the note or provider payment.

SEC. 12. Section 17311 of the Government Code is amended to read:

17311. (a) There is hereby appropriated from the General Fund without regard to fiscal years two hundred fifty thousand dollars (\$250,000), which shall be set aside in a special account entitled State Notes Expense Account, and shall be used to pay expenses incurred by the Treasurer, Controller, or the Department of Finance in providing for the preparation, sale, issuance, advertising, legal services, or any other act which, in the discretion of the Treasurer or the Department of Finance, is necessary to carry out the purposes of this part. This account shall operate as a revolving fund and whenever notes are sold, out of the first money realized from their sale, any remaining expenses shall be paid and then there shall be redeposited in the account any amounts that have been expended for the above purposes, which amounts may be used for the same purposes and repaid in the same manner whenever additional sales are made. Without limiting Section 17300, a demand drawn under Section 17300 may include the expenses described in this subdivision. In the alternative, all or a portion of the expenses described in this subdivision may be paid by causing the notes to bear interest at a rate that results in payment by the purchaser of the notes of a premium sufficient to pay these expenses.

(b) Any premium received upon the sale of an issuance of notes shall be applied to expenses described in subdivision (a) or shall be credited to the General Fund and applied to the payment of interest on notes.

SEC. 13. Section 22910 of the Government Code is amended to read:

22910. (a) There shall be maintained in the State Treasury the Public Employees' Contingency Reserve Fund. The board may invest funds in the Public Employees' Contingency Reserve Fund in accordance with the provisions of law governing its investment of the retirement fund.

(b) (1) An account shall be maintained within the Public Employees' Contingency Reserve Fund with respect to the health benefit plans the board has approved or that have entered into a contract with the board. The account shall be credited, from time to time and in amounts as determined by the board, with moneys contributed under Section 22885 or 22901 to provide an adequate contingency reserve. The income derived from any dividends, rate adjustments, or other funds received from a health benefit plan shall be credited to the account. The board may deposit, in the same manner as provided in paragraph (4), up to one-half of 1 percent of premiums in the account for purposes of cost containment programs, subject to approval as provided in paragraph (2) of subdivision (c).

(2) The account for health benefit plans may be utilized to defray increases in future rates, to reduce the contributions of employees and annuitants and employers, to implement cost containment programs, or to increase the benefits provided by a health benefit plan, as determined by the board. The board may use penalties and interest deposited pursuant to subdivision (c) of Section 22899 to pay any difference between the adjusted

rate set by the board pursuant to Section 22864 and the applicable health benefit plan contract rates.

(3) The total credited to the account for health benefit plans at any time shall be limited, in the manner and to the extent the board may find to be most practical, to a maximum of 10 percent of the total of the contributions of the employers and employees and annuitants in any fiscal year. The board may undertake any action to ensure that the maximum amount prescribed for the fund is approximately maintained.

(4) Board rules and regulations adopted pursuant to Section 22831 to minimize the impact of adverse selection or contracts entered into pursuant to Section 22864 to implement health benefit plan performance incentives may provide for deposit in and disbursement to carriers or to Medicare from the account the portion of the contributions otherwise payable directly to the carriers by the Controller under Section 22913 as may be required for that purpose. The deposits shall not be included in applying the limitations, prescribed in paragraph (3), on total amounts that may be deposited in or credited to the fund.

(5) Notwithstanding Section 13340, all moneys in the account for health benefit plans are continuously appropriated without regard to fiscal year for the purposes provided in this subdivision.

(c) (1) An account shall also be maintained in the Public Employees' Contingency Reserve Fund for administrative expenses consisting of funds deposited for this purpose pursuant to Sections 22885 and 22901.

(2) The moneys deposited pursuant to Sections 22885 and 22901 in the Public Employees' Contingency Reserve Fund may be expended by the board for administrative purposes, provided that the expenditure is approved by the Department of Finance and the Joint Legislative Budget Committee in the manner provided in the Budget Act for obtaining authorization to expend at rates requiring a deficiency appropriation, regardless of whether the expenses were anticipated.

(d) An account shall be maintained in the Public Employees' Contingency Reserve Fund for health plan premiums paid by contracting agencies, including payments made pursuant to subdivision (f) of Section 22850. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, for the payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. Penalties and interest paid pursuant to subdivision (c) of Section 22899 shall be deposited in the account pursuant to paragraphs (1) and (2) of subdivision (b).

(e) Accounts shall be maintained in the Public Employees' Contingency Reserve Fund for complementary annuitant premiums and related administrative expenses paid by annuitants pursuant to Section 22802. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, to reimburse the Public Employees' Retirement Fund for payment of annuitant health premiums, and for the payment of premiums and other charges to carriers or to the Public Employees' Health Care Fund. Administrative expenses deposited in this account shall be credited to the account provided by subdivision (c).

(f) Amounts received by the board for retiree drug subsidy payments that are attributed to contracting agencies and their annuitants and employees pursuant to subdivision (c) of Section 22910.5 shall be deposited in the Public Employees' Contingency Reserve Fund. Notwithstanding Section 13340, these amounts are continuously appropriated, without regard to fiscal year, for the payment of premiums, costs, contributions, or other benefits related to contracting agencies and their employees and annuitants, and as consistent with the Medicare Prescription Drug Improvement and Modernization Act, as amended.

(g) The Account for Retiree Drug Subsidy Payments is hereby established in the Public Employees' Contingency Reserve Fund and funds in that account shall, upon appropriation by the Legislature, be used for the purposes described in Section 22910.5.

(h) Notwithstanding any other law, the Controller may use the moneys in the Public Employees' Contingency Reserve Fund for loans to the General Fund as provided in Sections 16310 and 16381. However, interest shall be paid on all moneys loaned to the General Fund from the Public Employees' Contingency Reserve Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Public Employees' Contingency Reserve Fund was created.

SEC. 14. Section 30051 of the Government Code is amended to read:

30051. (a) The Local Public Safety Fund is hereby created in the State Treasury. The fund shall consist of the Interim Public Safety Account to receive all revenues deposited therein pursuant to former paragraph (8) of, and the Public Safety Account to receive all those revenues deposited therein pursuant to former paragraph (9) of, subdivision (a) of Section 7102 of the Revenue and Taxation Code. Moneys in the fund may only be appropriated for the purposes specified in Section 30052.

(b) Notwithstanding any other law, the Controller may use the moneys in the Public Safety Account in the Local Public Safety Fund for loans to the General Fund as provided in Sections 16310 and 16381. However, interest shall be paid on all moneys loaned to the General Fund from the Public Safety Account in the Local Public Safety Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Public Safety Account in the Local Public Safety Fund was created.

SEC. 15. Section 50740 of the Health and Safety Code is amended to read:

50740. (a) The Rental Housing Construction Incentive Fund established in the State Treasury is hereby renamed the Rental Housing Construction Fund. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are hereby continuously appropriated to the Department of Housing and Community Development, and, except as provided in

subdivisions (b) and (c), shall be utilized for purposes of this chapter, Section 50775.5, and Chapter 15 (commencing with Section 50880). All interest or other increment resulting from investment or deposit of moneys in the fund shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Except as described in subdivision (d), moneys in the fund shall not be subject to transfer to any other fund pursuant to Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except the Surplus Money Investment Fund.

(b) An amount not to exceed four million dollars (\$4,000,000) of the moneys from the fund utilized by the agency for development costs which is repaid to the agency or disencumbered on or after July 1, 1983, shall be deposited in a separate account and utilized and apportioned in accordance with the following percentages as it becomes available:

(1) Fifty percent of the moneys shall be transferred by the agency to the department and deposited in the Housing Rehabilitation Loan Fund, established pursuant to Section 50661, and utilized for making deferred payment loans for residential hotels as authorized by subdivision (b) of Section 50661 and for purposes of subdivision (c) of that section.

(2) Twenty-five percent of the moneys shall be transferred by the agency to the department for deposit in the Emergency Housing and Assistance Fund, established pursuant to Section 50800.5.

(3) Twenty-five percent of the moneys shall be transferred by the agency to the department for deposit in the annuity fund, established pursuant to Section 50738.5.

(c) Notwithstanding any other provision of law, effective with the date of the act adding this subdivision, appropriations authorized for support of the department from the Family Housing Demonstration Account shall instead be authorized for expenditure from the Rental Housing Construction Fund.

(d) Notwithstanding any other law, the Controller may use the moneys in the Rental Housing Construction Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Rental Housing Construction Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Rental Housing Construction Fund was created.

SEC. 16. Section 50782 of the Health and Safety Code is amended to read:

50782. (a) The Mobilehome Park Purchase Fund is hereby created in the State Treasury and, notwithstanding Section 13340 of the Government Code or any other law, is continuously appropriated to the department for the purpose of providing loans pursuant to this chapter and for related administrative costs of the department. Notwithstanding Section 16305.7 of the Government Code, any moneys received by the department pursuant to this chapter, and any other sources, repayments, interest, or new

appropriations, shall be deposited in the fund. Except as described in subdivision (b), moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except the Surplus Money Investment Fund. The department may require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. Notwithstanding Section 16305.7 of the Government Code, all interest, dividends, and pecuniary gains from the investments shall accrue to the fund.

(b) Notwithstanding any other law, the Controller may use the moneys in the Mobilehome Park Purchase Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Mobilehome Park Purchase Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Mobilehome Park Purchase Fund was created.

SEC. 17. Section 116760.30 of the Health and Safety Code is amended to read:

116760.30. (a) There is hereby created in the State Treasury the Safe Drinking Water State Revolving Fund for the purpose of implementing this chapter, and, notwithstanding Section 13340 of the Government Code, the fund is hereby continuously appropriated, without regard to fiscal years, to the department to provide, from moneys available for this purpose, grants or revolving fund loans for the design and construction of projects for public water systems that will enable suppliers to meet safe drinking water standards. The department shall be responsible for administering the fund.

(b) The department shall report at least once every two years to the policy and budget committees of the Legislature on the implementation of this chapter and expenditures from the fund. The report shall describe the numbers and types of projects funded, the reduction in risks to public health from contaminants in drinking water provided through the funding of the projects, and the criteria used by the department to determine funding priorities.

(c) Notwithstanding any other law, the Controller may use the moneys in the Safe Drinking Water State Revolving Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Safe Drinking Water State Revolving Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Safe Drinking Water State Revolving Fund was created.

SEC. 18. Section 8613 of the Public Resources Code is amended to read:

8613. (a) Moneys in the fund shall be available for expenditure by the trustee to purchase outstanding interests in tide and submerged lands whether or not they have been filled, diked, or cut off from tidal waters, lands which have been or may be converted to wetlands, or adjoining or nearby lands where the public use and ownership of the land is necessary or extremely beneficial for furtherance of public trust purposes.

(b) Moneys deposited in the fund pursuant to subdivision (b) or (c) of Section 8625 shall be available for expenditure by the trustee for management and improvement of real property held by the trustee to provide open space, habitat for plants and animals, and public access.

(c) Notwithstanding any other law, the Controller may use the moneys in the Land Bank Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Land Bank Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Land Bank Fund was created.

SEC. 19. Section 48027 of the Public Resources Code is amended to read:

48027. (a) (1) The Legislature hereby finds and declares that effective response to cleanup at solid waste disposal and codisposal sites requires that the state have sufficient funds available in the trust fund created pursuant to subdivision (b).

(2) The Legislature further finds and declares that the maintenance of the trust fund is of the utmost importance to the state and that it is essential that, except as described in subdivision (g), any moneys in the trust fund be used solely for the purposes authorized in this article and not be used, loaned, or transferred for any other purpose.

(b) The Solid Waste Disposal Site Cleanup Trust Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the moneys in the trust fund are hereby continuously appropriated to the board for expenditure, without regard to fiscal years, for the purposes of this article.

(c) The following moneys shall be deposited into the trust fund:

(1) Funds appropriated by the Legislature from the Integrated Waste Management Account to the board for solid waste disposal or codisposal site cleanup.

(2) Any interest earned on the moneys in the trust fund.

(3) Any cost recoveries from responsible parties for solid waste disposal or codisposal site cleanup and loan repayments pursuant to this article.

(d) If this article is repealed, the trust fund shall be dissolved and all moneys in the fund shall be distributed to solid waste landfill operators who have paid into the trust fund during effective life of the trust fund.

(e) Any trust fund distributions received by solid waste landfill operators pursuant to subdivision (c) may be used for only any of the following activities, as related to solid waste landfills:

(1) Solid waste landfill closure and postclosure maintenance operations.  
(2) Implementation of Part 258 (commencing with Section 258.1) of Title 40 of the Code of Federal Regulations.

(3) Corrective actions at the solid waste landfill.

(f) The balance in the trust fund each July 1 shall not exceed thirty million dollars (\$30,000,000).

(g) Notwithstanding any other law, the Controller may use the moneys in the Solid Waste Disposal Site Cleanup Trust Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code.

SEC. 20. Section 822 of the Unemployment Insurance Code is amended to read:

822. (a) There is hereby established in the State Treasury the “School Employees Fund.” The School Employees Fund is the successor of the “Classified School Employees Fund.” Moneys received pursuant to Section 823, together with any charges, notices, fees, interest, penalties, assessments, or other revenue, shall be deposited in this fund. All moneys in the fund are hereby appropriated to the administrator without regard to fiscal year for carrying out the purposes of this article, for administrative costs, for making refunds, and for investment through the Surplus Money Investment Fund, with any interest or earnings credited to the School Employees Fund. Funds to be used for administrative costs shall be budgeted and expended in accordance with existing state law.

(b) Notwithstanding any other law, the Controller may use the moneys in the School Employees Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the School Employees Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the School Employees Fund was created.

SEC. 21. Section 1611 of the Unemployment Insurance Code is amended to read:

1611. Moneys in the Employment Training Fund shall be expended only for the purposes of Chapter 3.5 (commencing with Section 10200) of Part 1 of Division 3, and for the costs of administering this article and Section 976.6, except those moneys may be used for any of the following:

(a) With the approval of the Legislature, the fund or contributions to it may be used to pay interest charged on federal loans to the Unemployment Fund.

(b) Commencing with allocations made to the Employment Training Panel in the 1992–93 fiscal year, any moneys allocated to the panel in a fiscal year that are not encumbered by the panel in that fiscal year, shall revert to the Unemployment Insurance Fund.

(c) It is the intent of the Legislature that the panel shall closely monitor program performance and expenditures for employment training programs administered by the panel, and that the panel shall expeditiously disencumber funds that are not needed for employment training program completion. Commencing with the 1992–93 fiscal year, those moneys that are disencumbered during the fiscal year that are not reencumbered during the same fiscal year shall revert to the Unemployment Insurance Fund.

(d) Notwithstanding any other law, the Controller may use the moneys in the Employment Training Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Employment Training Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Employment Training Fund was created.

SEC. 22. Section 3001 of the Unemployment Insurance Code is amended to read:

3001. (a) The Unemployment Compensation Disability Fund is continued in existence as a special fund in the State Treasury, separate and apart from all other public money or funds of this state. The moneys and assets of this fund shall be held in trust by the State Treasurer and administered under the direction of the director exclusively, for the purpose of this part.

(b) Notwithstanding any other law, the Controller may use the moneys in the Unemployment Compensation Disability Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Unemployment Compensation Disability Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Unemployment Compensation Disability Fund was created.

SEC. 23. Section 5778.3 is added to the Welfare and Institutions Code, to read:

5778.3. Notwithstanding any other law, including subdivision (b) of Section 16310 of the Government Code, the Controller may use the moneys in the Mental Health Managed Care Deposit Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. Interest shall be paid on all moneys loaned to the General Fund from the Mental Health Managed Care Deposit Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Mental Health Managed Care Deposit Fund was created.



SEC. 24. Section 14163 of the Welfare and Institutions Code is amended to read:

14163. (a) For purposes of this section, the following definitions shall apply:

(1) “Public entity” means a county, a city, a city and county, the State of California, the University of California, a local health care district, a local health authority, or any other political subdivision of the state.

(2) “Hospital” means a health facility that is licensed pursuant to Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code to provide acute inpatient hospital services, and includes all components of the facility.

(3) “Disproportionate share hospital” means a hospital providing acute inpatient services to Medi-Cal beneficiaries that meets the criteria for disproportionate share status relating to acute inpatient services set forth in Section 14105.98.

(4) “Disproportionate share list” means the annual list of disproportionate share hospitals for acute inpatient services issued by the department pursuant to Section 14105.98.

(5) “Fund” means the Medi-Cal Inpatient Payment Adjustment Fund.

(6) “Eligible hospital” means, for a particular state fiscal year, a hospital on the disproportionate share list that is eligible to receive payment adjustment amounts under Section 14105.98 with respect to that state fiscal year.

(7) “Transfer year” means the particular state fiscal year during which, or with respect to which, public entities are required by this section to make an intergovernmental transfer of funds to the Controller.

(8) “Transferor entity” means a public entity that, with respect to a particular transfer year, is required by this section to make an intergovernmental transfer of funds to the Controller.

(9) “Transfer amount” means an amount of intergovernmental transfer of funds that this section requires for a particular transferor entity with respect to a particular transfer year.

(10) “Intergovernmental transfer” means a transfer of funds from a public entity to the state, that is local government financial participation in Medi-Cal pursuant to the terms of this section.

(11) “Licensee” means an entity that has been issued a license to operate a hospital by the department.

(12) “Annualized Medi-Cal inpatient paid days” means the total number of Medi-Cal acute inpatient hospital days, regardless of dates of service, for which payment was made by or on behalf of the department to a hospital, under present or previous ownership, during the most recent calendar year ending prior to the beginning of a particular transfer year, including all Medi-Cal acute inpatient covered days of care for hospitals that are paid on a different basis than per diem payments.

(13) “Medi-Cal acute inpatient hospital day” means any acute inpatient day of service attributable to patients who, for those days, were eligible for

medical assistance under the California state plan, including any day of service that is reimbursed on a basis other than per diem payments.

(14) “OBRA 1993 payment limitation” means the hospital-specific limitation on the total annual amount of payment adjustments to each eligible hospital under the payment adjustment program that can be made with federal financial participation under Section 1396r-4(g) of Title 42 of the United States Code as implemented pursuant to the Medi-Cal State Plan.

(b) The Medi-Cal Inpatient Payment Adjustment Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the fund shall be continuously appropriated to, and under the administrative control of, the department for the purposes specified in subdivision (d). The fund shall consist of the following:

(1) Transfer amounts collected by the Controller under this section, whether submitted by transferor entities pursuant to applicable provisions of this section or obtained by offset pursuant to subdivision (j).

(2) Any other intergovernmental transfers deposited in the fund, as permitted by Section 14164.

(3) Any interest that accrues with respect to amounts in the fund.

(c) Moneys in the fund, which shall not consist of any state general funds, shall be used as the source for the nonfederal share of payments to hospitals pursuant to Section 14105.98. Moneys shall be allocated from the fund by the department and matched by federal funds in accordance with customary Medi-Cal accounting procedures, and used to make payments pursuant to Section 14105.98.

(d) Except as otherwise provided in Section 14105.98 or in any law appropriating a specified sum of money to the department for administering this section and Section 14105.98, moneys in the fund shall be used only for the following:

(1) Payments to hospitals pursuant to Section 14105.98.

(2) Transfers to the Health Care Deposit Fund as follows:

(A) In the amount of two hundred thirty-nine million seven hundred fifty-seven thousand six hundred ninety dollars (\$239,757,690) for the 1994–95 and 1995–96 fiscal years.

(B) In the amount of two hundred twenty-nine million seven hundred fifty-seven thousand six hundred ninety dollars (\$229,757,690) for the 1996–97 fiscal year.

(C) In the amount of one hundred fifty-four million seven hundred fifty-seven thousand six hundred ninety dollars (\$154,757,690) for the 1997–98 fiscal year.

(D) In the amount of one hundred fourteen million seven hundred fifty-seven thousand six hundred ninety dollars (\$114,757,690) for the 1998–99 fiscal year.

(E) (i) In the amount of eighty-four million seven hundred fifty-seven thousand six hundred ninety dollars (\$84,757,690) for the 1999–2000 fiscal year.

(ii) It is the intent of the Legislature that the economic benefit of any reduction in the amount transferred, or to be transferred, to the Health Care

Deposit Fund pursuant to this subdivision for the 1999–2000 fiscal year, as compared to the amount so transferred for the 1998–99 fiscal year, be allocated equally between public and nonpublic disproportionate share hospitals. To implement the reduction in clause (i) the department shall, by June 30, 2000, adjust the calculations in Section 14105.98 in order to allocate the funds in accordance with this clause.

(F) In the amount of twenty-nine million seven hundred fifty-seven thousand six hundred ninety dollars (\$29,757,690) for the 2000–01 fiscal year and the 2001–02 fiscal year.

(G) In the amount of eighty-five million dollars (\$85,000,000) for the 2002–03 fiscal year and each fiscal year thereafter.

(H) The transfers from the fund shall be made in six equal monthly installments to the Medi-Cal local assistance appropriation item (Item 4260-101-0001 of the annual Budget Act) in support of Medi-Cal expenditures. The first installment shall accrue in October of each transfer year, and all other installments shall accrue monthly thereafter from November through March.

(e) For the 1991–92 state fiscal year, the department shall determine, no later than 70 days after the enactment of this section, the transferor entities for the 1991–92 transfer year. To make this determination, the department shall utilize the disproportionate share list for the 1991–92 fiscal year issued by the department pursuant to paragraph (1) of subdivision (f) of Section 14105.98. The department shall identify each eligible hospital on the list for which a public entity is the licensee as of July 1, 1991. The public entity that is the licensee of each identified eligible hospital shall be a transferor entity for the 1991–92 transfer year.

(f) The department shall determine, no later than 70 days after the enactment of this section, the transfer amounts for the 1991–92 transfer year.

The transfer amounts shall be determined as follows:

(1) The eligible hospitals for 1991–92 shall be identified. For each hospital, the applicable total per diem payment adjustment amount under Section 14105.98 for the 1991–92 transfer year shall be computed. This amount shall be multiplied by 80 percent of the eligible hospital’s annualized Medi-Cal inpatient paid days as determined from all Medi-Cal paid claims records available through April 1, 1991. The products of these calculations for all eligible hospitals shall be added together to determine an aggregate sum for the 1991–92 transfer year.

(2) The eligible hospitals for 1991–92 involving transferor entities as licensees shall be identified. For each hospital, the applicable total per diem payment adjustment amount under Section 14105.98 for the 1991–92 transfer year shall be computed. This amount shall be multiplied by 80 percent of the eligible hospital’s annualized Medi-Cal inpatient paid days as determined from all Medi-Cal paid claims records available through April 1, 1991. The products of these calculations for all eligible hospitals with transferor entities as licensees shall be added together to determine an aggregate sum for the 1991–92 transfer year.

(3) The aggregate sum determined under paragraph (1) shall be divided by the aggregate sum determined under paragraph (2), yielding a factor to be utilized in paragraph (4).

(4) The factor determined in paragraph (3) shall be multiplied by the amount determined for each hospital under paragraph (2). The product of this calculation for each hospital in paragraph (2) shall be divided by 1.771, yielding a transfer amount for the particular transferor entity for the transfer year.

(g) For the 1991–92 transfer year, the department shall notify each transferor entity in writing of its applicable transfer amount or amounts.

(h) For the 1992–93 transfer year and subsequent transfer years, transfer amounts shall be determined in the same procedural manner as set forth in subdivision (f), except:

(1) The department shall use all of the following:

(A) The disproportionate share list applicable to the particular transfer year to determine the eligible hospitals.

(B) The payment adjustment amounts calculated under Section 14105.98 for the particular transfer year. These amounts shall take into account any projected or actual increases or decreases in the size of the payment adjustment program as are required under Section 14105.98 for the particular year in question, including any decreases resulting from the application of the OBRA 1993 payment limitation. The department may issue interim, revised, and supplemental transfer requests as necessary and appropriate to address changes in payment adjustment levels that occur under Section 14105.98. All transfer requests, or adjustments thereto, issued to transferor entities by the department shall meet the requirements set forth in subdivision (i).

(C) Data regarding annualized Medi-Cal inpatient paid days for the most recent calendar year ending prior to the beginning of the particular transfer year, as determined from all Medi-Cal paid claims records available through April 1 preceding the particular transfer year.

(D) The status of public entities as licensees of eligible hospitals as of July 1 of the particular transfer year.

(E) For the 1993–94 transfer year and subsequent transfer years, the divisor to be used for purposes of the calculation referred to in paragraph (4) of subdivision (f) shall be determined by the department. The divisor shall be calculated to ensure that the appropriate amount of transfers from transferor entities are received into the fund to satisfy the requirements of Section 14105.98, exclusive of the amounts described in paragraph (2) of this subdivision, and to satisfy the requirements of paragraph (2) of subdivision (d), for the particular transfer year. For the 1993–94 transfer year, the divisor shall be 1.742.

(F) The following provisions shall apply for certain transfer amounts relating to nonsupplemental payments under Section 14105.98:

(i) For the 1998–99 transfer year, transfer amounts shall be determined as though the payment adjustment amounts arising pursuant to subdivision

(ag) of Section 14105.98 were increased by the amounts paid or payable pursuant to subdivision (af) of Section 14105.98.

(ii) Any transfer amounts paid by a transferor entity pursuant to subparagraph (C) of paragraph (2) shall serve as credit for the particular transferor entity against an equal amount of its transfer obligation for the 1998–99 transfer year.

(iii) For the 1999–2000 transfer year, transfer amounts shall be determined as though the amount to be transferred to the Health Care Deposit Fund, as referred to in paragraph (2) of subdivision (d), were reduced by 28 percent.

(2) (A) Except as provided in subparagraphs (B), (C), and (D), for the 1993–94 transfer year and subsequent transfer years, transfer amounts shall be increased for the particular transfer year in the amounts necessary to fund the nonfederal share of the total supplemental payment adjustment amounts of all types that arise under Section 14105.98. These increases shall be paid only by those transferor entities that are licensees of hospitals that are projected to receive some or all of the particular supplemental payments, and the increases shall be paid by the transferor entities on a pro rata basis in connection with the particular supplemental payments. For purposes of this paragraph, supplemental payment adjustment amounts shall be deemed to arise for the particular transfer year as of the date specified in Section 14105.98. Transfer amounts to fund the nonfederal share of the payments shall be paid for the particular transfer year within 20 days after the department notifies the transferor entity in writing of the additional transfer amount to be paid.

(B) For the 1995–96 transfer year, the nonfederal share of the secondary supplemental payment adjustments described in paragraph (9) of subdivision (y) of Section 14105.96 shall be funded as follows:

(i) Ninety-nine percent of the nonfederal share shall be funded by a transfer from the University of California.

(ii) One percent of the nonfederal share shall be funded by transfers from those public entities that are the licensees of the hospitals included in the “other public hospitals” group referred to in clauses (ii) and (iii) of subparagraph (B) of paragraph (9) of subdivision (y) of Section 14105.98. The transfer responsibilities for this 1 percent shall be allocated to the particular public entities on a pro rata basis, based on a formula or formulae customarily used by the department for allocating transfer amounts under this section. The formula or formulae shall take into account, through reallocation of transfer amounts as appropriate, the situation of hospitals whose secondary supplemental payment adjustments are restricted due to the application of the limitation set forth in clause (v) of subparagraph (B) of paragraph (9) of subdivision (y) of Section 14105.98.

(iii) All transfer amounts under this subparagraph shall be paid by the particular transferor entities within 30 days after the department notifies the transferor entity in writing of the transfer amount to be paid.

(C) For the 1997–98 transfer year, transfer amounts to fund the nonfederal share of the supplemental payment adjustments described in subdivision

(af) of Section 14105.98 shall be funded by a transfer from the County of Los Angeles.

(D) (i) For the 1998–99 transfer year, transfer amounts to fund the nonfederal share of the supplemental payment adjustment amounts arising under subdivision (ah) of Section 14105.98 shall be increased as set forth in clause (ii).

(ii) The transfer amounts otherwise calculated to fund the supplemental payment adjustments referred to in clause (i) shall be increased on a pro rata basis by an amount equal to 28 percent of the amount to be transferred to the Health Care Deposit Fund for the 1999–2000 fiscal year, as referred to in paragraph (2) of subdivision (d).

(3) The department shall prepare preliminary analyses and calculations regarding potential transfer amounts, and potential transferor entities shall be notified by the department of estimated transfer amounts as soon as reasonably feasible regarding any particular transfer year. Written notices of transfer amounts shall be issued by the department as soon as possible with respect to each transfer year. All state agencies shall take all necessary steps in order to supply applicable data to the department to accomplish these tasks. The Office of Statewide Health Planning and Development shall provide to the department quarterly access to the edited and unedited confidential patient discharge data files for all Medi-Cal eligible patients. The department shall maintain the confidentiality of that data to the same extent as is required of the Office of Statewide Health Planning and Development. In addition, the Office of Statewide Health Planning and Development shall provide to the department, not later than March 1 of each year, the data specified by the department, as the data existed on the statewide database file as of February 1 of each year, from all of the following:

(A) Hospital annual disclosure reports, filed with the Office of Statewide Health Planning and Development pursuant to former Section 443.31 of, or Section 128735 of, the Health and Safety Code, for hospital fiscal years that ended during the calendar year ending 13 months prior to the applicable February 1.

(B) Annual reports of hospitals, filed with the Office of Statewide Health Planning and Development pursuant to former Section 439.2 of, or Section 127285 of, the Health and Safety Code, for the calendar year ending 13 months prior to the applicable February 1.

(C) Hospital patient discharge data reports, filed with the Office of Statewide Health Planning and Development pursuant to former subdivision (g) of Section 443.31 of, or Section 128735 of, the Health and Safety Code, for the calendar year ending 13 months prior to the applicable February 1.

(D) Any other materials on file with the Office of Statewide Health Planning and Development.

(4) Transfer amounts calculated by the department may be increased or decreased by a percentage amount consistent with the Medi-Cal state plan.

(5) For the 1993–94 fiscal year, the transfer amount that would otherwise be required from the University of California shall be increased by fifteen million dollars (\$15,000,000).

(6) Notwithstanding any other law, except for subparagraph (D) of paragraph (2), the total amount of transfers required from the transferor entities for any particular transfer year shall not exceed the sum of the following:

(A) The amount needed to fund the nonfederal share of all payment adjustment amounts applicable to the particular payment adjustment year as calculated under Section 14105.98. Included in the calculations for this purpose shall be any decreases in the program as a whole, and for individual hospitals, that arise due to the provisions of Section 1396r-4(f) or (g) of Title 42 of the United States Code.

(B) The amount needed to fund the transfers to the Health Care Deposit Fund, as referred to in subdivision (d).

(7) (A) Except as provided in subparagraphs (B) and (C) and in paragraph (2) of subdivision (j), and except for a prudent reserve not to exceed two million dollars (\$2,000,000) in the Medi-Cal Inpatient Payment Adjustment Fund, any amounts in the fund, including interest that accrues with respect to the amounts in the fund, that are not expended, or estimated to be required for expenditure, under Section 14105.98 with respect to a particular transfer year shall be returned on a pro rata basis to the transferor entities for the particular transfer year within 120 days after the department determines that the funds are not needed for an expenditure in connection with the particular transfer year.

(B) The department shall determine the interest amounts that have accrued in the fund from its inception through June 30, 1995, and, no later than January 1, 1996, shall distribute these interest amounts to transferor entities:

(C) With respect to those particular amounts in the fund resulting solely from the provisions of subparagraph (D) of paragraph (2), the department shall determine by September 30, 1999, whether these particular amounts exceed 28 percent of the amount to be transferred to the Health Care Deposit Fund for the 1999–2000 fiscal year, as referred to in paragraph (2) of subdivision (d). Any excess amount so determined shall be returned to the particular transferor entities on a pro rata basis no later than October 31, 1999.

(D) Regarding any funds returned to a transferor entity under subparagraph (A) or (C), or interest amounts distributed to a transferor entity under subparagraph (B), the department shall provide to the transferor entity a written statement that explains the basis for the particular return or distribution of funds and contains the general calculations used by the department in determining the amount of the particular return or distribution of funds.

(i) (1) For the 1991–92 transfer year, each transferor entity shall pay its transfer amount or amounts to the Controller, for deposit in the fund, in eight equal installments.

(2) (A) Except as provided in subparagraphs (B) and (C), for the 1992–93 transfer year and subsequent transfer years, each transferor entity shall pay its transfer amount or amounts to the Controller, for deposit in the fund, in eight equal installments. However, for the 1997–98 and subsequent transfer years, each transferor entity shall pay its transfer amount or amounts to the Controller, for deposit in the fund, in the form of periodic installments according to a timetable established by the department. The timetable shall be structured to effectuate, on a reasonable basis, the prompt distribution of all nonsupplemental payment adjustments under Section 14105.98, and transfers to the Health Care Deposit Fund under subdivision (d).

(B) For the 1994–95 transfer year, each transferor entity shall pay its transfer amount or amounts to the Controller, for deposit in the fund, in five equal installments.

(C) For the 1995–96 transfer year, each transferor entity shall pay its transfer amount or amounts to the Controller, for deposit in the fund, in five equal installments.

(D) Except as otherwise specifically provided, subparagraphs (A) to (C), inclusive, shall not apply to increases in transfer amounts described in paragraph (2) of subdivision (h) or to additional transfer amounts described in subdivision (o).

(E) All requests for transfer payments, or adjustments thereto, issued by the department shall be in writing and shall include (i) an explanation of the basis for the particular transfer request or transfer activity, (ii) a summary description of program funding status for the particular transfer year, and (iii) the general calculations used by the department in connection with the particular transfer request or transfer activity.

(3) A transferor entity may use any of the following funds for purposes of meeting its transfer obligations under this section:

(A) General funds of the transferor entity.

(B) Any other funds permitted by law to be used for these purposes, except that a transferor entity shall not submit to the Controller any federal funds unless those federal funds are authorized by federal law to be used to match other federal funds. In addition, no private donated funds from any health care provider, or from any person or organization affiliated with the health care provider, shall be channeled through a transferor entity or any other public entity to the fund, unless the donated funds will qualify under federal rules as a valid component of the nonfederal share of the Medi-Cal program and will be matched by federal funds. The transferor entity shall be responsible for determining that funds transferred meet the requirements of this subparagraph.

(j) (1) If a transferor entity does not submit any transfer amount within the time period specified in this section, the Controller shall offset immediately the amount owed against any funds which otherwise would be payable by the state to the transferor entity. The Controller, however, shall not impose an offset against any particular funds payable to the transferor entity where the offset would violate state or federal law.



(2) Where a withhold or a recoupment occurs pursuant to the provisions of paragraph (2) of subdivision (r) of Section 14105.98, the nonfederal portion of the amount in question shall remain in the fund, or shall be redeposited in the fund by the department, as applicable. The department shall then proceed as follows:

(A) If the withhold or recoupment was imposed with respect to a hospital whose licensee was a transferor entity for the particular state fiscal year to which the withhold or recoupment related, the nonfederal portion of the amount withheld or recouped shall serve as a credit for the particular transferor entity against an equal amount of transfer obligations under this section, to be applied whenever the transfer obligations next arise. Should no such transfer obligation arise within 180 days, the department shall return the funds in question to the particular transferor entity within 30 days thereafter.

(B) For other situations, the withheld or recouped nonfederal portion shall be subject to paragraph (7) of subdivision (h).

(k) All transfer amounts received by the Controller or amounts offset by the Controller shall immediately be deposited in the fund.

(l) For purposes of this section, the disproportionate share list utilized by the department for a particular transfer year shall be identical to the disproportionate share list utilized by the department for the same state fiscal year for purposes of Section 14105.98. Nothing on a disproportionate share list, once issued by the department, shall be modified for any reason other than mathematical or typographical errors or omissions on the part of the department or the Office of Statewide Health Planning and Development in preparation of the list.

(m) Neither the intergovernmental transfers required by this section, nor any elective transfer made pursuant to Section 14164, shall create, lead to, or expand the health care funding or service obligations for current or future years for any transferor entity, except as required of the state by this section or as may be required by federal law, in which case the state shall be held harmless by the transferor entities on a pro rata basis.

(n) Except as otherwise permitted by state and federal law, no transfer amount submitted to the Controller under this section, and no offset by the Controller pursuant to subdivision (j), shall be claimed or recognized as an allowable element of cost in Medi-Cal cost reports submitted to the department.

(o) Whenever additional transfer amounts are required to fund the nonfederal share of payment adjustment amounts under Section 14105.98 that are distributed after the close of the particular payment adjustment year to which the payment adjustment amounts apply, the additional transfer amounts shall be paid by the parties who were the transferor entities for the particular transfer year that was concurrent with the particular payment adjustment year. The additional transfer amounts shall be calculated under the formula that was in effect during the particular transfer year. For transfer years prior to the 1993–94 transfer year, the percentage of the additional transfer amounts available for transfer to the Health Care Deposit Fund

under subdivision (d) shall be the percentage that was in effect during the particular transfer year. These additional transfer amounts shall be paid by transferor entities within 20 days after the department notifies the transferor entity in writing of the additional transfer amount to be paid.

(p) (1) Ten million dollars (\$10,000,000) of the amount transferred from the Medi-Cal Inpatient Payment Adjustment Fund to the Health Care Deposit Fund due to amounts transferred attributable to years prior to the 1993–94 fiscal year is hereby appropriated without regard to fiscal years to the State Department of Health Services to be used to support the development of managed care programs under the department’s plan to expand Medi-Cal managed care.

(2) These funds shall be used by the department for both of the following purposes: (A) distributions to counties or other local entities that contract with the department to receive those funds to offset a portion of the costs of forming the local initiative entity, and (B) distributions to local initiative entities that contract with the department to receive those funds to offset a portion of the costs of developing the local initiative health delivery system in accordance with the department’s plan to expand Medi-Cal managed care.

(3) Entities contracting with the department for any portion of the ten million dollars (\$10,000,000) shall meet the objectives of the department’s plan to expand Medi-Cal managed care with regard to traditional and safety net providers.

(4) Entities contracting with the department for any portion of the ten million dollars (\$10,000,000) may be authorized under those contracts to utilize their funds to provide for reimbursement of the costs of local organizations and entities incurred in participating in the development and operation of a local initiative.

(5) To the full extent permitted by state and federal law, these funds shall be distributed by the department for expenditure at the local level in a manner that qualifies for federal financial participation under the medicaid program.

(q) (1) Any local initiative entity that has performed unanticipated additional work for the purposes identified in subparagraph (B) of paragraph (2) of subdivision (p) resulting in additional costs attributable to the development of its local initiative health delivery system, may file a claim for reimbursement with the department for the additional costs incurred due to delays in start dates through the 1996–97 fiscal year. The claim shall be filed by the local initiative entity not later than 90 days after the effective date of the act adding this subdivision, and shall not seek extra compensation for any sum that is or could have been asserted pursuant to the contract disputes and appeals resolution provisions of the local initiative entity’s respective two-plan model contract. All claims for unanticipated additional incurred costs shall be submitted with adequate supporting documentation including, but not limited to, all of the following:

(A) Invoices, receipts, job descriptions, payroll records, work plans, and other materials that identify the unanticipated additional claimed and incurred costs.

- (B) Documents reflecting mitigation of costs.
- (C) To the extent lost profits are included in the claim, documentation identifying those profits and the manner of calculation.
- (D) Documents reflecting the anticipated start date, the actual start date, and reasons for the delay between the dates, if any.
- (2) In determining any amount to be paid, the department shall do all of the following:
  - (A) Conduct a fiscal analysis of the local initiative entity's claimed costs.
  - (B) Determine the appropriate amount of payment, after taking into consideration the supporting documentation and the results of any audit.
  - (C) Provide funding for any such payment, as approved by the Department of Finance through the deficiency process.
  - (D) Complete the determination required in subparagraph (B) within six months after receipt of a local initiative entity's completed claim and supporting documentation. Prior to final determination, there shall be a review and comment period for that local initiative entity.
  - (E) Make reasonable efforts to obtain federal financial participation. In the event federal financial participation is not allowed for this payment, the state's payment shall be 50 percent of the total amount determined to be payable.
- (r) Notwithstanding any other law, the Controller may use the moneys in the Medi-Cal Inpatient Payment Adjustment Fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the Medi-Cal Inpatient Payment Adjustment Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Medi-Cal Inpatient Payment Adjustment Fund was created.

SEC. 25. Section 16809 of the Welfare and Institutions Code is amended to read:

16809. (a) (1) The board of supervisors of a county that contracted with the department pursuant to former Section 16709 during the 1990–91 fiscal year and any county with a population under 300,000, as determined in accordance with the 1990 decennial census, by adopting a resolution to that effect, may elect to participate in the County Medical Services Program. The governing board shall have responsibilities for specified health services to county residents certified eligible for those services by the county.

(2) The board of supervisors of a county that has contracted with the governing board pursuant to paragraph (1) may also contract with the governing board for the delivery of health care and health-related services to county residents other than under the County Medical Services Program by adopting a resolution to that effect. The governing board shall have responsibilities for the delivery of specified health services to county residents as agreed upon by the governing board and the county. Participation

by a county pursuant to this paragraph shall be voluntary, and funds shall be provided solely by the county.

(b) The governing board may contract with the department or any other person or entity to administer the County Medical Services Program.

(1) If the governing board contracts with the department to administer the County Medical Services Program, that contract shall include, but need not be limited to, all of the following:

(A) Provisions for the payment to participating counties for making eligibility determinations as determined by the governing board.

(B) Provisions for payment of expenses of the governing board.

(C) Provisions relating to the flow of funds from counties' vehicle license fees, sales taxes, and participation fees and the procedures to be followed if a county does not pay those funds to the program.

(D) Those provisions, as applicable, contained in the 1993–94 fiscal year contract with counties under the County Medical Services Program.

(E) Provisions for the department to administer the County Medical Services Program pursuant to regulations adopted by the governing board or as otherwise determined by the governing board.

(F) Provisions requiring that the governing board reimburse the state costs of providing administrative support to the County Medical Services Program in accordance with amounts determined between the governing board and the department.

(2) If the governing board does not contract with the department for administration of the County Medical Services Program, the governing board may contract with the department for specified services to assist in the administration of that program. Any contract with the department under this paragraph shall require that the governing board reimburse the state costs of providing administrative support.

(3) The department shall not be liable for any costs related to decisions of the governing board that are in excess of those set forth in the contract between the department and the governing board.

(c) Each county intending to participate in the County Medical Services Program pursuant to this section shall submit to the governing board a notice of intent to contract adopted by the board of supervisors no later than April 1 of the fiscal year preceding the fiscal year in which the county will participate in the County Medical Services Program.

(d) A county participating in the County Medical Services Program pursuant to this section, or a county contracting with the governing board pursuant to paragraph (2) or (3) of subdivision (a), or participating in a pilot project or contracting with the governing board for an alternative product pursuant to Section 16809.4, shall not be relieved of its indigent health care obligation under Section 17000.

(e) (1) The County Medical Services Program Account is established in the County Health Services Fund. The County Medical Services Program Account is continuously appropriated, notwithstanding Section 13340 of the Government Code, without regard to fiscal years. The following amounts may be deposited in the account:

- (A) Any interest earned upon moneys deposited in the account.
- (B) Moneys provided by participating counties or appropriated by the Legislature to the account.
- (C) Moneys loaned pursuant to subdivision (n).
- (2) The methods and procedures used to deposit funds into the account shall be consistent with the methods used by the program during the 1993–94 fiscal year, unless otherwise determined by the governing board.
- (f) Moneys in the program account shall be used by the governing board, or by the department if the department contracts with the governing board for this purpose, to pay for health care services provided to the persons meeting the eligibility criteria established pursuant to subdivision (j) and to pay the governing board expenses and program administrative costs. In addition, moneys in this account may be used to reimburse the department for state costs pursuant to subparagraph (F) of paragraph (1) of subdivision (b).
- (g) (1) Moneys in this account shall be administered on an accrual basis and notwithstanding any other law, except as provided in this section and Section 17605.051, shall not be transferred to any other fund or account in the State Treasury except for purposes of investment as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code.
- (2) (A) All interest or other increment resulting from the investment shall be deposited in the program account, notwithstanding Section 16305.7 of the Government Code.
- (B) All interest deposited pursuant to subparagraph (A) shall be available to reimburse program-covered services, governing board expenses, and program administrative costs.
- (h) The governing board shall establish a reserve account for the purpose of depositing funds for the payment of claims and unexpected contingencies. Funds in the reserve account in excess of the amounts the governing board determines necessary for these purposes shall be available for expenditures in years when program expenditures exceed program funds, and to augment the rates, benefits, or eligibility criteria under the program.
- (i) (1) Counties shall pay participation fees as established by the governing board and their jurisdictional risk amount in a method that is consistent with that established in the 1993–94 fiscal year.
- (2) A county may request, due to financial hardship, the payments under paragraph (1) be delayed. The request shall be subject to approval by the governing board.
- (3) Payments made pursuant to this subdivision shall be deposited in the program account, unless otherwise directed by the governing board.
- (4) Payments may be made as part of the deposits authorized by the county pursuant to Sections 17603.05 and 17604.05.
- (j) (1) (A) Beginning in the 1992–93 fiscal year and for each fiscal year thereafter, counties and the state shall share the risk for cost increases of the County Medical Services Program not funded through other sources. The state shall be at risk for any cost that exceeds the cumulative annual

growth in dedicated sales tax and vehicle license fee revenue, up to the amount of twenty million two hundred thirty-seven thousand four hundred sixty dollars (\$20,237,460) per fiscal year, except for the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, and all fiscal years thereafter. Counties shall be at risk up to the cumulative annual growth in the Local Revenue Fund created by Section 17600, according to the table specified in paragraph (2), to the County Medical Services Program, plus the additional cost increases in excess of twenty million two hundred thirty-seven thousand four hundred sixty dollars (\$20,237,460) per fiscal year, except for the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, and all fiscal years thereafter.

(B) For the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, and all fiscal years thereafter, the state shall not be at risk for any cost that exceeds the cumulative annual growth in dedicated sales tax and vehicle license fee revenue. Counties shall be at risk up to the cumulative annual growth in the Local Revenue Fund created by Section 17600, according to the table specified in paragraph (2), to the County Medical Services Program, plus any additional cost increases for the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, and all fiscal years thereafter.

(C) (i) The governing board shall establish uniform eligibility criteria and benefits among all counties participating in the County Medical Services Program listed in paragraph (2). For counties that are not listed in paragraph (2) and that elect to participate pursuant to paragraph (1) of subdivision (a), the eligibility criteria and benefit structure may vary from those of counties participating pursuant to paragraph (2) of subdivision (a).

(ii) Notwithstanding clause (i), the governing board may establish and maintain pilot projects to identify or test alternative approaches for determining eligibility or for providing or paying for benefits under the County Medical Services Program, and may develop and implement alternative products with varying levels of eligibility criteria and benefits outside of the County Medical Services Program.

(2) For the 1991–92 fiscal year, and each fiscal year thereafter, jurisdictional risk limitations shall be as follows:

Jurisdiction	Amount
Alpine.....	\$ 13,150
Amador.....	620,264
Butte.....	5,950,593
Calaveras.....	913,959
Colusa.....	799,988
Del Norte.....	781,358
El Dorado.....	3,535,288
Glenn.....	787,933
Humboldt.....	6,883,182
Imperial.....	6,394,422

Inyo.....	1,100,257
Kings.....	2,832,833
Lake.....	1,022,963
Lassen.....	687,113
Madera.....	2,882,147
Marin.....	7,725,909
Mariposa.....	435,062
Mendocino.....	1,654,999
Modoc.....	469,034
Mono.....	369,309
Napa.....	3,062,967
Nevada.....	1,860,793
Plumas.....	905,192
San Benito.....	1,086,011
Shasta.....	5,361,013
Sierra.....	135,888
Siskiyou.....	1,372,034
Solano.....	6,871,127
Sonoma.....	13,183,359
Sutter.....	2,996,118
Tehama.....	1,912,299
Trinity.....	611,497
Tuolumne.....	1,455,320
Yuba.....	2,395,580

(3) Beginning in the 1991–92 fiscal year and in subsequent fiscal years, the jurisdictional risk limitation for the counties that did not contract with the department pursuant to former Section 16709 during the 1990–91 fiscal year shall be the amount specified in subparagraph (A) plus the amount determined pursuant to subparagraph (B), minus the amount specified by the governing board as participation fees.

(A)

Jurisdiction	Amount
Merced.....	2,033,729
Placer.....	1,338,330
San Luis Obispo.....	2,000,491
Santa Cruz.....	3,037,783
Yolo.....	1,475,620

(B) The amount of funds necessary to fully fund the anticipated costs for the county shall be determined by the governing board before a county is permitted to participate in the County Medical Services Program.

(4) The specific amounts and method of apportioning risk to each participating county may be adjusted by the governing board.

(k) The Legislature hereby determines that an expedited contract process for contracts under this section is necessary. Contracts under this section

shall be exempt from Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code. Contracts of the department pursuant to this section shall have no force or effect unless they are approved by the Department of Finance.

(l) The state shall not incur any liability except as specified in this section.

(m) Third-party recoveries for services provided under this section may be pursued.

(n) The Department of Finance may authorize a loan of up to thirty million dollars (\$30,000,000) for deposit into the program account to ensure that there are sufficient funds available to reimburse providers and counties pursuant to this section.

(o) Moneys appropriated from the General Fund to meet the state risk, as set forth in subparagraph (A) of paragraph (1) of subdivision (j), shall not be available for those counties electing to disenroll from the County Medical Services Program.

(p) Notwithstanding any other law, the Controller may use the moneys in the County Medical Services Program Account for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys loaned to the General Fund from the County Medical Services Program Account. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the County Medical Services Program Account was created.

SEC. 26. The Legislature finds and declares all of the following:

(a) Section 5 of this act furthers the purpose of the California State Lottery Act of 1984, enacted by Proposition 37 at the November 6, 1984, statewide general election.

(b) Section 6 of this act furthers the purpose of the Mental Health Services Act, enacted by Proposition 63 at the November 2, 2004, statewide general election; the DNA Fingerprint, Unsolved Crime and Innocence Protection Act, enacted by Proposition 69 at the November 2, 2004, statewide general election; and the California Children and Families Act of 1998, enacted by Proposition 10 at the November, 3, 1998, statewide general election.

SEC. 27. This act addresses the fiscal emergency declared by the Governor by proclamation on December 19, 2008, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

SEC. 28. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make the necessary statutory changes to achieve cash savings at the earliest possible time, it is necessary that this act take effect immediately.

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